



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[C-580-898]

Large Diameter Welded Pipe from the Republic of Korea: Countervailing Duty Order

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: Based on affirmative final determinations by the Department of Commerce (Commerce) and the International Trade Commission (ITC), Commerce is issuing a countervailing duty order on large diameter welded carbon and alloy steel line and structural pipe from the Republic of Korea (Korea).

DATES: Applicable [Insert Date of Publication in the *Federal Register*].

FOR FURTHER INFORMATION CONTACT: George Ayache at (202) 482-2623 or Robert Palmer at (202) 482-9068, AD/CVD Operations, Enforcement and Compliance, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230.

SUPPLEMENTARY INFORMATION:

Background

On February 27, 2019, Commerce published its affirmative final determination in the countervailing duty investigation of large diameter welded pipe from Korea.¹ The scope of the investigation in Commerce's final determination covered large diameter welded carbon and alloy steel line pipe (welded line pipe), large diameter welded carbon and alloy steel structural pipe (welded structural pipe), and stainless steel large diameter welded pipe (stainless steel pipe) from

¹ See *Large Diameter Welded Pipe from the Republic of Korea: Final Affirmative Countervailing Duty Determination*, 84 FR 6369 (February 27, 2019) (*Final Determination*).

Korea.² As discussed below, the ITC subsequently found three domestic like products covered by the scope of the investigation (welded line pipe, welded structural pipe, and stainless steel pipe) and, accordingly, made a separate injury determination with respect to each domestic like product. On April 15, 2019, the ITC notified Commerce of its final determination, pursuant to section 705(d) of the Tariff Act of 1930, as amended (the Act), that an industry in the United States is materially injured within the meaning of section 705(b)(1)(A)(i) of the Act, by reason of subsidized imports of welded line pipe and welded structural pipe from Korea.³ Additionally, the ITC made a negative determination of material injury or threat of material injury with respect to stainless steel pipe.⁴ Commerce released draft revised scope language for comment by parties.⁵ No party objected to the revised scope language in this proceeding.

Scope of the Order

The products covered by this order are welded line pipe and welded structural pipe from Korea. For a complete description of the scope of this order, *see* the Appendix to this notice.

Countervailing Duty Order

On April 15, 2019, in accordance with sections 705(b)(1)(A)(i) and 705(d) of the Act, the ITC notified Commerce of its final determination in this investigation, in which it found that imports of welded line pipe and welded structural pipe from Korea are materially injuring a U.S. industry.⁶ As a result, and in accordance with sections 705(c)(2) and 706 of the Act, we are publishing this countervailing duty order. As noted above, in its determination, the ITC found

² *Id.*

³ See ITC Notification Letter regarding ITC Investigation Nos. 701-TA-595-596 and 731-TA-1401, 1403, 1405-1406, dated April 15, 2019 (ITC Notification); *see also Large Diameter Welded Pipe from Canada, Greece, Korea, and Turkey; Determinations*, 84 FR 16533 (April 19, 2019) (*ITC Final Determination*); and *Large Diameter Welded Pipe from Canada, Greece, Korea, and Turkey Investigation Nos. 701-TA-595-596 and 731-TA-1401, 1403, 1405-1406 (Final)*, Publication 4883, April 2019 (Final ITC Report).

⁴ See ITC Notification.

⁵ See Memorandum, “Comments on the Scope of the Orders,” dated April 5, 2019.

⁶ See ITC Notification; and *ITC Final Determination*.

three domestic like products covered by the scope of the investigation: welded line pipe, welded structural pipe, and stainless steel pipe. The ITC made a negative determination with respect to stainless steel pipe from Korea. The ITC made an affirmative determination with respect to welded line pipe and welded structural pipe from Korea. Because the ITC made distinct and different injury determinations for separate domestic like products, Commerce will instruct U.S. Customs and Border Protection (CBP) to assess countervailing duties on entries of welded line pipe and welded structural pipe (subject merchandise) from Korea, and not on entries of stainless steel pipe (excluded merchandise) from Korea.

Welded Line Pipe

The Final ITC Report describes welded line pipe as a tubular product produced from carbon and alloy steel, produced to American Petroleum Institute (API) 5L specifications, and designed for conveying liquids and gases.⁷ Because the ITC determined that subsidized imports of welded line pipe from Korea are materially injuring a U.S. industry,⁸ all unliquidated entries of subject merchandise from Korea, entered or withdrawn from warehouse, are subject to the assessment of countervailing duties, as described below.

As a result of the *ITC Final Determination*, in accordance with section 706(a) of the Act, Commerce will direct CBP to assess, upon further instruction by Commerce, countervailing duties for all relevant entries of welded line pipe from Korea. Countervailing duties will be assessed on unliquidated entries of welded line pipe from Korea entered, or withdrawn from warehouse, for consumption on or after June 29, 2018, the date of publication of the *Preliminary Determination*,⁹ but will not be assessed on entries occurring after the expiration of the provisional measures period, beginning on October 27, 2018, in accordance with section 703(d) of the Act, until the date of publication of the *ITC Final Determination* in the *Federal Register*.

Welded Structural Pipe

The Final ITC Report describes welded structural pipe as a tubular product produced from carbon and alloy steel, produced to American Society for Testing and Materials (ASTM) specifications, and designed for support in construction projects and piling.¹⁰ Because the ITC determined that subsidized imports of welded structural pipe from Korea are materially injuring a U.S. industry,¹¹ all unliquidated entries of subject merchandise from Korea, entered or

⁷ See Final ITC Report at 7.

⁸ *Id.* at 1 and 5.

⁹ See *Large Diameter Welded Pipe from the Republic of Korea: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with Final Antidumping Duty Determination*, 83 FR 30693 (June 29, 2018) (*Preliminary Determination*).

withdrawn from warehouse, are subject to the assessment of countervailing duties, pursuant to section 706 of the Act, as described below.

As a result of the *ITC Final Determination*, in accordance with section 706(a) of the Act, Commerce will direct CBP to assess, upon further instruction by Commerce, countervailing duties for all relevant entries of welded structural pipe from Korea. Countervailing duties will be assessed on unliquidated entries of welded structural pipe from Korea entered, or withdrawn from warehouse, for consumption on or after June 29, 2018, the date of publication of the *Preliminary Determination*,¹² but will not be assessed on entries occurring after the expiration of the provisional measures period, beginning on October 27, 2018, in accordance with section 703(d) of the Act, until the date of publication of the *ITC Final Determination* in the *Federal Register*.

Stainless Steel Pipe

The Final ITC Report describes stainless steel pipe as being produced from stainless steel for its high-chrome chemistry and corrosion-resistant properties.¹³ Because the ITC made a negative determination of material injury or threat of material injury by reason of subsidized imports of stainless steel pipe from Korea,¹⁴ Commerce will direct CBP to terminate the suspension of liquidation for entries of stainless steel pipe from Korea entered, or withdrawn from warehouse, and to refund all cash deposits with respect to these entries pursuant to section 705(c)(2) of the Act.

Suspension of Liquidation

¹⁰ See Final ITC Report at 7.

¹¹ *Id.* at 1 and 5.

¹² See *Preliminary Determination*.

¹³ See Final ITC Report at 7.

¹⁴ *Id.* at 1-2 and 5.

In accordance with section 706 of the Act, Commerce will direct CBP to reinstitute the suspension of liquidation on all relevant entries of subject merchandise (*i.e.*, welded line pipe and welded structural pipe) from Korea, effective the date of publication of the *ITC Final Determination* in the *Federal Register*, and to assess, upon further instruction by Commerce pursuant to section 706(a)(1) of the Act, countervailing duties for each entry of the subject merchandise in an amount based on the net countervailable subsidy rate for the subject merchandise. Because the net countervailable subsidy rate for Husteel Co., Ltd. (Husteel) and Hyundai Steel Company (Hyundai Steel) in the *Final Determination* was *de minimis*, entries of shipments of subject merchandise both produced and exported by Husteel and Hyundai Steel¹⁵ are not subject to suspension of liquidation or cash deposit requirements. Entries of subject merchandise exported to the United States by any other producer and exporter combination are not entitled to this exclusion from suspension of liquidation and are subject to the applicable cash deposit rates noted below.

We intend to instruct CBP to require, at the same time as importers would normally deposit estimated import duties on this merchandise, cash deposits for each entry of subject merchandise equal to the rates noted below. These instructions suspending liquidation will remain in effect until further notice. The all-others rate applies to all other producers or exporters not specifically listed.

¹⁵ For Hyundai Steel, entries of shipments of subject merchandise produced and exported by Hyundai Steel and/or entries of shipments of subject merchandise produced by Hyundai Steel and exported by Hyundai Corporation, an unaffiliated trading company for Hyundai Steel, are not subject to suspension of liquidation or cash deposit requirements. See *Final Determination* and accompanying Issues and Decision Memorandum at 12.

Company	Subsidy Rate (percent)
Husteel Co., Ltd.	0.01 (<i>de minimis</i>)
Hyundai Steel Company ¹⁶	0.44 (<i>de minimis</i>)
SeAH Steel Corporation ¹⁷	27.42
All Others	9.29

Notifications to Interested Parties

This notice constitutes the countervailing duty order with respect to welded line pipe and welded structural pipe from Korea pursuant to section 706(a) of the Act. Interested parties can find a list of countervailing duty orders currently in effect at <http://enforcement.trade.gov/stats/iastats1.html>.

This order is published in accordance with sections 705(c) and 706(a) of the Act and 19 CFR 351.211(b).

Dated: April 23, 2019.

Jeffrey I. Kessler,
Assistant Secretary
for Enforcement and Compliance.

¹⁶ *Id.*

¹⁷ Commerce found the following company to be cross-owned with SeAH Steel: ESAB SeAH Corporation.

Appendix

Scope of the Order

The merchandise covered by this order is welded carbon and alloy steel pipe (other than stainless steel pipe), more than 406.4 mm (16 inches) in nominal outside diameter (large diameter welded pipe), regardless of wall thickness, length, surface finish, grade, end finish, or stenciling. Large diameter welded pipe may be used to transport oil, gas, slurry, steam, or other fluids, liquids, or gases. It may also be used for structural purposes, including, but not limited to, piling. Specifically, not included is large diameter welded pipe produced only to specifications of the American Water Works Association (AWWA) for water and sewage pipe.

Large diameter welded pipe used to transport oil, gas, or natural gas liquids is normally produced to the American Petroleum Institute (API) specification 5L. Large diameter welded pipe may also be produced to American Society for Testing and Materials (ASTM) standards A500, A252, or A53, or other relevant domestic specifications, grades and/or standards. Large diameter welded pipe can be produced to comparable foreign specifications, grades and/or standards or to proprietary specifications, grades and/or standards, or can be non-graded material. All pipe meeting the physical description set forth above is covered by the scope of this order, whether or not produced according to a particular standard.

Subject merchandise also includes large diameter welded pipe that has been further processed in a third country, including but not limited to coating, painting, notching, beveling, cutting, punching, welding, or any other processing that would not otherwise remove the merchandise from the scope of the order if performed in the country of manufacture of the in-scope large diameter welded pipe.

The large diameter welded pipe that is subject to this order is currently classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under subheadings 7305.11.1030, 7305.11.1060, 7305.11.5000, 7305.12.1030, 7305.12.1060, 7305.12.5000, 7305.19.1030, 7305.19.1060, 7305.19.5000, 7305.31.4000, 7305.31.6090, 7305.39.1000 and 7305.39.5000. While the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this order is dispositive.

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